

# Impact of the Resource Base of Commercial Banks on Investments

---

**Sherzod Uralovich Kiyosov**

DSc, professor, International School of Finance Technology and Science, Tashkent, Uzbekistan

**Ibrokhim Rustam ugli Gulomov**

Rector's adviser on educational affairs, International School of Finance Technology and Science, Tashkent, Uzbekistan

---

**Abstract.** This article is devoted to the issues of increasing the resource base of commercial banks, the essence and importance of the resource base, its role and influence in increasing the volume of investments are mentioned. At the end of the article, recommendations are made on the main ways to increase the volume of domestic investments by strengthening the principle of economic interest.

**Key words:** commercial bank, resource base, investment, investment activity.

## Introduction

The socio-economic development of the country, in particular, the regions, is ensured through the support of their investment potential and investment activity by financial institutions, including commercial banks. The current state of the economy of Uzbekistan, that is, the growth of the gross domestic product and ensuring its stability, creates the need to activate the investment activities of economic entities operating in the regions.

Their resource base plays an important role in determining the perspective of commercial banks in their investment activities. Therefore, it is important to pay attention to the theoretical aspects of the resource base of banks. The theory of the resource base of commercial banks is a strategic approach that

provides for the attraction of stable resources and their effective deployment within the powers of banks in order to ensure competitiveness in the environment of free market economy and interbank competition.

### **Main part**

According to international accounting standards, the real balance of the bank's liabilities and capital represents the resource base of commercial banks.

The strategy addresses these long-term goals. In the case of banks, the interpretation of the resource theory regarding the activity of banks, in a situation where the stability of the current financial situation is required, also makes an operational approach. But here it should be noted that ensuring the strength of the resource base of commercial banks includes not only the formation of resources, but also their effective deployment. Also, one of the main criteria of the resource theory is the calculation of stable or strategically important resources (in terms of quality and quantity), which in turn means pursuing long-term goals. Therefore, short-term and long-term goals should be defined by banks.

Economist Peter S. Rose has highlighted the strategic management of commercial banks' resources based on the strategies of liabilities and fund management in a special way.

According to him, banks restructure sources of funds in accordance with two specific goals:

Use of resources that minimize the cost of raising funds. This allows the bank to have plenty of new funds at its disposal to increase its profits and capital.

Choosing the optimal ratio between deposits, loan funds and capital amounts that provide the desired level of interest stability so that the bank can retain high-yielding assets [1].

As a result of the development of the liability management strategy and the simultaneous growth of risk and interest rate changes, the approach known as the fund management strategy, which is used by banks today, was created. It is a balanced approach to asset and liability management. The following important tasks are set within this approach:

1. In order for the bank to achieve its long-term and short-term goals, it should control the size, structure, profit or expenses of both assets and liabilities as much as possible.
2. In order to characterize the management of assets and liabilities in an internal integrity, the bank's control over assets should be coordinated with the control over liabilities. Effective coordination helps maximize the difference (spread) between the bank's income on assets and costs on liabilities.
3. Expenses and income are included on both sides of the balance sheet - assets and liabilities. Bank policies should be designed to maximize returns on both assets and liabilities [1].

Also, the research of the resource theory of commercial banks is based on the internal and external analyzes of ensuring the strength of the bank's resource base.

By O.I. Lavrushin, the main emphasis on the effective organization of the resource base of commercial banks is focused on equity capital and its optimal structural structure, and the following internal factors affecting the level of capitalization of banks are listed [2]:

- inflation;
- the state of the economy;
- increase of costs in capital formation;
- investors' demand for capital;
- managers' demand for capital.

Also, O.I. Lavrushin lists the following external factors affecting the level of capitalization of banks [2]:

- emergence of independent transnational capital;
- financial globalization;
- growth of international capital flow;
- capital concentration in the financial services market;
- international capital market conjuncture.

Summing up from the above, the theoretical views on the resource base of commercial banks are based on the following criteria:

- 1) Determining the bank's short- and long-term strategy;
- 2) Ensuring sustainable competitiveness;
- 3) Ensuring effective control over assets and liabilities;
- 4) Ensuring the optimal ratio of assets and liabilities;
- 5) Analysis and assessment of internal factors and opportunities;
- 6) Analysis and assessment of external factors and opportunities;
- 7) Attracting sustainable sources of funds;
- 8) Effective allocation of funds.

Attracting stable sources of funds by banks is based on a strategic approach. We believe that stable funds should be studied separately, given that they are strategically important for the bank and are based on broad concepts. The bank should identify stable sources of funds while diversifying the composition of the resource base. By identifying stable sources of funds, the bank can come to a unanimous conclusion about what type of resources should be attracted. In general, we believe that the determination of the sources of stable funds of the bank should be based on the following 5 main criteria:

- 1) Interest (resources that minimize banks' expenses and reduce interest risk).
- 2) Duration (sources of funds attracted for a long and fixed period).
- 3) Type (savings accounts, time deposits, certificates of deposit, fixed-term non-deposit funds, securities).
- 4) Quantity (funds with high profitability and capital capacity).
- 5) Realization (sources of freely realizable funds).

At first glance, it seems clear that the main criteria of sustainable funds are their effectiveness in terms of interest, duration, type and amount. But when it comes to the realization of funds, it is important to fully understand its meaning. Also, the fact that this issue is considered an important criterion for attracting foreign and domestic investments to bank capital under the conditions of a modern market economy increases its importance. Realization of funds is explained by the presence of certain mechanisms as well as the bank's internal capabilities. If we focus on securities, which are considered as sources of stable funds, then the development of the secondary securities market is the effectiveness of the monetary policy of the Central Bank, which affects the mechanism of its development.

It can be noted that the main principles and conclusions of the theory of ensuring the resource base of commercial banks and its stability are based on general approaches.

Effective organization of investment processes is of great importance in ensuring a high level of economic growth and competitiveness. Investment is a long-term investment of capital in entrepreneurship and other types of activity objects for the purpose of obtaining profit (income). Special attention is paid to investment processes in our country, and significant results are being achieved as a result.

During the past period of independent development, the volume of investments attracted to the economy of our country has increased almost 21 times. Especially, after 2010, until 2022, the growth of investments is 9.4% per annum.

At the same time, significant qualitative changes can be observed in the composition of sources of financing of investments made in our economy. In the period 2000-2021, the following significant changes are observed in the composition of investment sources: the share of investments from the state budget decreased by 6.5 times, the share of foreign investments and loans decreased by 1.5 times, the share of commercial bank loans and other debts decreased by almost 5 times, state trust funds share increased by 3.6 times, the share of own funds of enterprises and residents increased by almost 1.4 times. Also, the establishment of the Recovery and Development Fund of the Republic of Uzbekistan has emerged as an important source of investment<sup>1</sup>.

At this point, it is worth noting that domestic investments play an important role in the national economy. Because the main sources of growth in rapidly growing economies are domestic, first of all, private investments.

The following are the main types of internal investments:

- 1) financial investments - this is the purchase of shares, bonds and other securities, depositing money in bank savings accounts at certain interest rates, etc.;
- 2) real investments (capital investments) - investment in capital construction, expansion and development of production;
- 3) intellectual investments - training of specialists, transfer of experience, licenses and know-how.

In our opinion, due to the variety of types of internal investments in our economy, full attention to the principles of self-interest in increasing the volume of internal investments can have a positive effect on these processes. can become an important source of financing processes. However, a number of problematic situations arise as a result of the failure to fully implement the principle of interest in attracting domestic investments to the economy, including the use of funds from different layers of the population. Including:

- lack of opportunities to use free funds at the disposal of enterprises as an investment resource in the short and medium term;
- low level of use of free money, material resources and other resources of the population in business activities;
- insufficient formation of mechanisms for using various funds (pension funds, insurance funds, etc.) as investment resources, etc.

## **Conclusion**

By strengthening the principle of economic interest in Uzbekistan, the following can be indicated as the main ways to increase the volume of domestic investments:

- to ensure the lowest possible level of inflation in the country so that the population can invest their income in long-term deposits;

---

<sup>1</sup> Calculated by the author based on the data of the State Statistics Committee of the Republic of Uzbekistan for the years 2000-2021

- to establish a reliable system of guaranteeing investments made in the economy, especially public investments, to further improve the current legislation on the protection of investors' rights;
- to ensure favorable conditions for the use of land important for agricultural and industrial production;
- provision of sufficient amount of long-term loans necessary for investors by commercial banks;
- a significant reduction in terms of duration and cost of the system of obtaining permits for construction works;
- rapid development of the stock market in our country;
- several times reducing the number of types of activities that require obtaining a license, etc.

By strengthening the above principle of economic interest, measures to increase the volume of domestic investments in our country, in turn, make it possible to use the investment potential effectively, and create a basis for ensuring stable growth rates and the well-being of our people.

### References

1. Rose, Piter S. "Banking management." Publishers "Delo, Ltd.", Moskow (1995).
2. Лаврушин О.И. Роль кредита и модернизация деятельности банков в сфере кредитования.- Монография / коллектив авторов.-М.: КНОРУС, 2012-С.117.
3. Ахроров, З. О., Ханова, Н., & Хусанова, Д. Ш. (2018). Проблемы финансовой поддержки безубыточного функционирования хозяйствующих субъектов. In Направления повышения стратегической конкурентоспособности аграрного сектора экономики (pp. 122-126).
4. Kiyosov, S. U., Amanov, A. M., ugli Gulomov, I. R., & Ganiev, S. V. (2023). Public Financing of The Health Care System: Problems and Opportunities. *Journal of Intellectual Property and Human Rights*, 2(6), 103-110.
5. Ahrorov, Z. O. (2022). Formulation of Financial Policy in Providing Financial Security in Enterprises. *American Journal of Economics and Business Management*, 5(11), 150-154.
6. Amanov, A. M. (2024). Influence of Local Budgets on Socio-Economic Development of Regions. *EUROPEAN JOURNAL OF BUSINESS STARTUPS AND OPEN SOCIETY*, 4(1), 1-5.
7. Zaynalov, D. R., & Ahrorov, Z. O. (2019). Influence of Taxes in the Mobilization of Financial Resources. *International Journal of Current Engineering and Technology*, 9(3), 448.
8. Тоғаев, С. С., & Тўрабеков, С. Ш. Ў. (2017). Банк кредитларини ажратиш орқали аҳоли бандлигини таъминлаш масалалари. *Экономика и финансы (Узбекистан)*, (2), 58-66.
9. Togayev, S., & Xujamurotov, S. (2023). The role of bank management in the assessment of efficiency of commercial bank's activity. *Research and education*, 2(1), 12-16.
10. Шодиев, Ж. Х., & Алиева, С. С. (2023). Источники финансирования инвестиционной деятельности со стороны государства. *Ta'lim va rivojlanish tahlili onlayn ilmiy jurnali*, 3(2), 294-297.
11. Alieva, S. S., & Urunova, M. G. (2022). Theoretical Fundamentals of Improving Financial Health in Enterprises. *American Journal of Economics and Business Management*, 5(2), 133-136.